

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 356

Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds—Plain Language Uniform Offering Circular

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Proposed Rule.

SUMMARY: The Department of the Treasury ("Treasury," "We," or "Us") proposes to amend 31 CFR Part 356 (Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds) by converting it to plain language. We are proposing this amendment to make our marketable securities auction rules easier to understand. This amendment would also make certain minor revisions to better make the auction rules conform to current practices.

DATES: Send your comments to reach us on or before February 23, 2004.

ADDRESSES: You may send comments to: Government Securities Regulations Staff, Bureau of the Public Debt, 999 E Street NW., Room 315, Washington, DC 20239-0001. You may also send us comments by e-mail at govsecreg@bpd.treas.gov. When sending comments by e-mail, please provide your full name and mailing address. You may download this proposed amendment, and review the comments we receive, from the Bureau of the Public Debt's Web site at <http://www.publicdebt.treas.gov>. The proposed amendment and comments will also be available for public inspection and copying at the Treasury Department Library, Room 1428, Main Treasury Building, 1500 Pennsylvania Avenue, NW., Washington, DC 20220. To visit the library, call (202) 622-0990 for an appointment.

FOR FURTHER INFORMATION CONTACT: Lori Santamarena (Executive Director) or Chuck Andreatta (Associate Director), Bureau of the Public Debt, Government Securities Regulations Staff, (202) 691-3632 or e-mail us at govsecreg@bpd.treas.gov.

SUPPLEMENTARY INFORMATION: Executive Order 12866 requires each agency to write regulations that are simple and easy to understand. In addition to requiring us to write new regulations in plain language, a Presidential memorandum dated June 2, 1998, directs us to consider rewriting existing regulations in plain language. The

Uniform Offering Circular (UOC), in conjunction with the announcement for each auction, provides the terms and conditions for the sale and issuance in an auction to the public of marketable Treasury bills, notes and bonds.¹ We have rewritten the UOC in plain language because the wide variety of bidders in our securities auctions—broker-dealers, depository institutions, non-financial firms, individuals, etc.—have widely different levels of experience in dealing with federal regulations in general and with securities-related concepts and regulations in particular. We also believe that better understanding of the auction rules may increase direct participation in our auctions and improve the auction process overall, resulting in lower borrowing costs.

In addition to rewriting the existing regulations in plain language, we are proposing to make certain minor revisions to better make the auction rules conform to current auction practices. For example, we have eliminated references to multiple-price auctions since we now use single-price auctions for all marketable Treasury securities. We also have renamed "inflation-indexed" securities as "inflation-protected" securities so that the resulting acronym, TIPS, conforms with the way these securities are commonly referred to by market participants and the press.

We also have made several organizational changes to streamline the regulations and to aid their readability. For example, in section 356.11, which addresses how bidders may submit bids, the current UOC is organized according to whether the bid is submitted on a paper tender form or by computer. In the plain-language version, the section is organized by whether we will be issuing awarded securities in the commercial book-entry system or in the TreasuryDirect book-entry system. This reorganization was done to make it easier for different types of bidders—firms and institutions versus individuals, for example—to find out their respective bidding requirements.

Appendix A, which describes different bidder categories, has also been reorganized in the way it describes the process for requesting separate-bidder status. The UOC currently describes this process separately for corporations and for partnerships. The plain-language version describes how to obtain separate-bidder recognition in a single location within Appendix A,

thereby eliminating repetitive parallel language. Please note that Appendix A of the proposed rule adds a definition of "Foreign and International Monetary Authorities," a category of bidder that was not previously described in the UOC.

Finally, we are proposing to eliminate the two exhibits at the end of the UOC. Exhibit A provides sample auction announcements. Exhibit B is a sample autocharge agreement. Both auction announcements and autocharge agreements are subject to more frequent revision than the UOC itself, and examples of both are readily available at the Bureau of the Public Debt's Web site at <http://www.publicdebt.treas.gov>.

We invite your comments on how to make these proposed regulations easier to understand, including answers to questions such as the following: (1) Are the requirements in the proposed regulations clearly stated? (2) Do the proposed regulations contain technical language or jargon that interferes with their clarity? (3) Does the format of the proposed regulations (grouping and order of sections, use of headings, paragraphing, etc.) aid or reduce their clarity? (4) Would the regulations be easier to understand if they were divided into more (but shorter) sections? (A section appears in bold type and is preceded by the section symbol and a numbered heading, for example, **§ 356.20 How does the Treasury determine auction awards?**)

Procedural Requirements

It has been determined that this is not a significant regulatory action for purposes of Executive Order 12866. Although we are issuing this proposed rule in proposed form to benefit from public comment, the notice and public procedures requirements of the Administrative Procedure Act do not apply, under 5 U.S.C. 553(a)(2).

Since no notice of proposed rulemaking is required, the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) do not apply.

The Office of Management and Budget previously approved the collections of information in this proposed amendment in accordance with the Paperwork Reduction Act under control number 1535-0112. We are only rewriting the UOC in plain language and are not proposing substantive changes to these requirements that would impose additional burdens on auction bidders.

List of Subjects in 31 CFR Part 356

Bonds, Federal Reserve System, Government Securities, Securities.

¹ The Uniform Offering Circular was published as a final rule on January 5, 1993 (58 FR 412). The circular, as amended, is codified at 31 CFR Part 356.